

## Message Text

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ORIGIN EB-03

INFO OCT-01 SS-14 ISO-00 EA-13 L-02 AGR-03 STR-01 SPC-01

PM-03 CIAE-00 INR-10 NSAE-00 RSC-01 PRS-01 NSC-10

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DRAFTED BY EB/ICD/TRP:HFWANNING:DE

APPROVED BY EB/ORF/ICD:JJINGERSOLL

EA/PHL:RTWILLNER/DCCUTHELL

EB/ICD/TRP:TTTURQMAN

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P 272134Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY MANILA PRIORITY

C O N F I D E N T I A L STATE 039327

LIMDIS

E.O. 11652 GDS

TAGS: ETRD, EAGR

SUBJECT: SUGAR: PHILIPPINE INTENTIONS

1. A NUMBER OF RECENT DEVELOPMENTS HAVE RAISED QUESTIONS  
HERE ABOUT PHILIPPINE INTENTIONS REGARDING SUGAR QUOTA.  
THESE INCLUDE:

(A) TIMING AND SUBSTANCE OF PHILIPPINE REJECTION OF OUR  
DRAFT AER;

(B) TIMING OF INCREASES IN EXPORT TAX ON SUGAR AND  
OTHER COMMODITIES;

(C) ABOLITION OF SUGAR QUOTA ADMINISTRATION AND FAILURE  
TO NAME MEMBERS OF SUCCESSOR SUGAR COMMISSION;

(D) ABSENCE OF USUAL FLOCK OF PHILIPPINE SPOKESMEN TO  
SUPPORT LOBBYIST AT SUGAR HEARINGS;

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(E) INQUIRY CONCERNING SHIPMENT OF PHILIPPINE SUGAR TO  
U.S. WEST COAST (MANILA 1948);

(F) UNSON'S REFERRAL TO MARCOS OF REQUEST FOR RE-  
CONFIRMATION OF INTENTION TO FILL FULL 1974 U.S.  
QUOTA.

2. WE ARE INFORMED THAT JOHN O'DONNELL, PHIL LOBBYIST  
HERE, AT HEARINGS FEBRUARY 28 WILL ASK FOR QUOTA AT ABOUT  
CURRENT LEVEL OF 1.5 MILLION SHORT TONS AND PLEDGE CON-  
TINUED PRIORITY FOR SHIPMENTS TO U.S. SUGAR INDUSTRY  
CONTACTS HERE, HOWEVER, SAY O'DONNELL AND OTHERS ARE  
PESSIMISTIC THAT QUOTA AT THAT LEVEL CAN BE OBTAINED.  
SAME SOURCES INDICATE CHAIRMAN POAGE IS DISPOSED TO  
MAKE MAJOR CUT IN PHILIPPINE QUOTA FOR DISTRIBUTION TO  
NEARBY SOURCES OF SUPPLY.

3. WE WONDER WHETHER FILIPINOS MAY HAVE DECIDED THAT IT  
IS NOT RPT NOT IN THEIR INTEREST TO MAKE MAJOR EFFORT TO  
RETAIN QUOTA AT CURRENT LEVEL, IN VIEW OF CURRENT MARKET  
SITUATION. WHILE THEY MAY PUBLICLY STATE DESIRE TO RETAIN  
LARGE QUOTA, THEY PROBABLY ARE EYEING SUGAR-SHORT AND MORE  
LUCRATIVE JAPANESE MARKET, AND MAY NOT WISH TO APPEAR TO  
BE ACTIVELY SEEKING FAVORS AT THIS STAGE OF GENERAL ECONO-  
MIC NEGOTIATIONS WITH THE U.S. IN THE EVENT OF A MAJOR  
CUT IN THEIR QUOTA, THEY MIGHT BE TEMPTED TO USE THE CUT  
AS A POLITICAL ISSUE IN U.S. PHILIPPINE RELATIONS WHILE  
QUIETLY SELLING SUGAR TO JAPAN.

4. REQUEST EMBASSY VIEWS ON THESE CONJECTURES ASAP.  
CASEY

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NNN

## Message Attributes

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